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BUSINESS TEACHING BY THE CASE SYSTEM¹

Fifty years ago when Professor Langdell introduced the use of selected reported decisions of the courts into the Harvard Law School as the basis of classroom instruction, his idea was not received with the greatest confidence, nor was it immediately adopted by other law schools. For years after the case system was first introduced its acceptance at other institutions was slow and it continued to arouse active controversy. Now very little is written about it. The orthodox method of teaching law today is the case system. In law schools of the highest standards, it is used almost universally and successfully, having displaced the more rapid but less thorough textbook and lecture method of approach. It is a fair generalization that to a greater extent than any other process, the case system develops those powers of analysis and synthesis which are essential to the practice of law. Yet, notwithstanding this extraordinary success, the method has never established itself generally outside the teaching of law.

A study of the case system as it now is used in the law schools of this country reveals certain limitations of the system and its application which no doubt account for its use having been most successful only in law schools of the highest grade. Mr. Alfred Z. Reed² says:

Three conditions are essential to the successful working of the case method. The first is that the bulk of the students should not be boys, but men, hardened by their previous training to undergo the rigors of severe intellectual labor.....more indispensable than this, however, is the necessity that the students should have time to study their cases in preparation for the classroom discussion. Finally, although any method of teaching presupposes, for its successful operation, an efficient corps of teachers, this condition is peculiarly necessary when the students' ultimate guide is a man and not a book.

Whatever weight is given to those points there are certain limitations which may affect the application of the case method of teaching to other fields. Primarily, it appears to be applicable only where the principal effort is to develop the students' power of analysis and synthesis. Secondly, the substance of the method depends upon the

¹The appearance in the last two years of several case books in business has raised the question as to what extent the case system of the law schools is applicable to other teaching and particularly to instruction in business. Since I have had experience only in the application of the case method to business instruction I am confining this discussion to that particular field. The principle may or may not have wider application but I have not sufficient knowledge of other fields to make, or even suggest, its application.

²The Carnegie Foundation for Advancement of Teaching, *Training for the Public Profession of Law*, bulletin no. 15.

ability of the instructor to draw upon a wide variety of written cases. The field in which it is to be applied, moreover, must be thoroughly classified. Another serious objection to the case system is that it is not a rapid method of transmitting facts.

If the difficulties which these limitations raise cannot be adjusted it is obvious that the method cannot be extended into further types or fields of teaching. Some of the limitations are probably fundamental. For example, it would be very unwise to attempt to apply the case system to any branch of teaching where analysis and synthesis do not have a major part, nor would it be wise to attempt to cover an extremely broad field in a limited length of time. Where speed is of the essence, or where the end desired is the easy acquisition of facts as distinguished from an effective command over the use of such facts, the case system is clearly not adapted for the purpose. Even in the teaching of law the method has not proved itself in schools which exist primarily as "cramming" schools. This type of limitation is, however, no more serious and of no wider application in the teaching of business than it is for the teaching of law. In each of these fields the training of the student is of little value to him unless it gives him command over new concrete situations through his ability to reason back from these situations to the principles involved; and unless he can apply to new facts the lessons of similar events in the past. Although the other limitations raise very serious and difficult problems, these are perhaps not impossible of solution. A careful analysis may lead to the conclusion that the difficulties of extending the method to the teaching of business are practical rather than fundamental; and, indeed, such experimenting as has been done appears to suggest this result. So far as can be seen all the obstacles which are encountered yield to study and research. Frequent modification and limitations of the technique of the law school prove both desirable and practical, but the essentials remain unchanged. The following brief discussion of problems which are met in applying the method is limited to the teaching of business.

Analysis of the Case System of Teaching Law

Early in the study of the problem it is necessary to analyze and state the case system as it has been developed in teaching law, for without such an analysis it is impossible to separate the essential element from the mass of technical material and practices which are customary in the teaching of law. Five points appear to stand out in such an analysis.

First, the case system of teaching law in its present form is made possible by the centuries of reported decisions which form the heritage

of the common law. Professor Langdell would not have developed his method if there had not been reported cases; or if the doctrine of *stare decisis* had never developed; or if the lawyer searching for light on his law problems customarily focussed his attention on the reactions of the treatise writer instead of on the decisions of the court. The case system of the teacher of law is dependent on the reported decisions of the courts and the extension of the method into other subject-matters will depend on the creation of effective substitutes for these cases.

Second, the case system in practical operation is based upon a thorough classification of the subject-matter made by the instructor. It assumes that the common law is a science developed by the courts from the precedents. Yet the law is far from being an exact science. In fact it has been developed by the method of trial and error to perhaps a greater extent than economics. To the extent that a scientific basis is essential to the use of the case system, economics probably has at the present time an advantage in this respect over business. As a matter of fact, however, all of these subjects—law, business, and economics—may broadly be considered sciences based in part on precedents and customs and in part on natural and economic laws. The underlying principles may in numerous instances be discovered by analysis and applied to new facts. After all, the assumption underlying the teaching of all such subjects (except historically) is that they are not haphazard but that they are capable of systematic presentation. If so, the principles may be taught by an inductive method and in numerous instances the inductive teaching of economics is already being accomplished. The extension of this inductive method into a true case system of teaching business does not present insuperable difficulties arising out of the nature of the subject.

Third, the system is made practicable by compilations of books containing a limited number of cases chosen by the editor because in his opinion they best illustrate or help to develop the legal principles he wishes to teach. Given the raw material, such compilations may readily be made in other fields. We already possess several such case books of business.

Fourth, the collected cases of the law customarily include (a) the statement of facts, (b) the limitation to an issue or legal problem, (c) the opinion of the court, (d) the decision. All of these elements or effective substitutes may be supplied in a business case to such extent as turns out to be desirable. It is of course impossible that business discussions of business problems should possess an authority comparable to the opinion of the court or that the decision arrived at with reference to a business problem should have weight comparable to

the decisions of a court, but these limitations in practice often add to the vivacity of a classroom discussion. Indeed, experience clearly indicates that, although frequently wise, neither an opinion nor a decision is essential to the successful classroom use of a business case.

As the technique of presenting business cases develops, ways of including elements similar to the opinions of the court are constantly suggested. It is clear that models of analytical methods of attacking business problems may be employed in such a manner that they fulfil the teaching function of the opinion of the court.

Fifth, the general principles involved in a law case or cases are developed through the discussion of concrete decisions reached by the court on facts which actually occurred. This classroom discussion largely or wholly displaces the lecture as a medium for the presentation of principles. In operation the burden of the systematic development of the subject by and through such discussion rests heavily on the instructor. The development of thought under the case system is always from the concrete to the abstract, from the particular situation to the broad principle. The distinguishing characteristic which makes the case system of teaching law, in the hands of a competent instructor, an instrument of great power is the fact that it arouses the interest of the student through its realistic flavor and then makes him under the guidance of the instructor an active rather than a passive participant in the instruction. Under this participation he analyzes and thinks systematically on legal subjects. Experience demonstrates that this element of aggressive interest on the part of the student in practice develops from the consideration of a good business case to an extent not surpassed in the teaching of law.

The characteristics, therefore, which appear to be typical of the case system of the law are: the vast number of published decisions, the thorough classification of the subject, published case books, the elements in the typical law case, and the development of general principles from the discussion of individual cases. Of these elements it appears clear that all, with the exception of the reported cases themselves, exist already or may be supplied for teaching business. The problem of extending the system to teaching business becomes, therefore, the problem of securing the facts about properly classified business situations or cases and presenting them in such form that they may be used effectively as the basis for classroom discussion.

Securing Cases for Teaching Business

Clearly in no other subdivision of knowledge is there a mine of published material comparable to the reported cases of the common law. This lack of published cases outside the law coupled with the

extreme difficulty of getting material of a similar nature in other subjects appears to be the basic reason for the failure of the case system to extend generally into other fields.

Case material for teaching business is to be obtained only through research undertaken solely because of the value of such cases for the teaching of business. These business cases³ are not to be found ready made. The business case is of course not generally a litigious situation but rather a practical set of facts out of which arises a problem or problems for determination by the man in business. When such cases are prepared for classroom use they must generally be disguised so that the particular concern involved may not be identified. The cases may also be consciously adapted to the needs of teaching by varying the facts if these adaptations are made in such a way that the reality of the situation is preserved. This plastic nature of the material will surely prove a distinct asset in the future, although at the present time it constitutes one of the most troublesome and at the same time interesting of difficulties. The gathering of cases for teaching business is arduous, the technique of presentation is still in an early experimental stage and a rapidly changing point of view inevitably develops both as to the acquisition and the presentation of such material.

A selection of cases for teaching law may be made by a competent man in any good law library, but since no library of executive cases or situations as they occur in business is in existence, the author of a case book for teaching business must either personally or through research assistants go directly to business men for his facts and his problems. Collected extracts from leading articles and treatises on business subjects, sometimes referred to as problem books, in no way fill the requirements for such a business case book because if the value of the business case used for teaching is to be realized the case must be stated specifically as it comes to the business executive, rather than in generalized form as it has been reacted upon by the business economist. The search for an actual business case to illustrate a particular point needed for the systematic treatment of a subject is aided by no well-edited index or encyclopedia such as the teacher of law finds available, and may be both long and discouraging. Nevertheless, this search must be successfully carried out if the problems used are to possess the flavor and detail of reality without which they fail to interest or convince the student.

³I use the word "case" rather than "problem" because the latter fails to connote the actuality and the realistic detail which must surround the specific situation if it is to start with the flavor of life. The case always includes one or more problems.

Points of Difference between Law and Business Cases

It is evident in other ways that cases collected for teaching business must differ as a type from the court decisions of the law case book. The material in the law cases is not as the client brings it to the law office, for it has been sorted and analyzed three times, once by counsel for each party and once by the court, and its scope is limited by the technical requirements of litigation. The large field of discretion for the lawyer preceding or preventing litigation; the questions involved in finding the facts of a situation for use in or out of court; the problem whether to settle a controversy rather than to litigate; the need for considering the psychology of the court, of the jury, and recently of governmental agents; the miscellaneous constructive work of the law office which never gets into court; all of these elements in the practice of the lawyer are largely outside the usual scope of the case books used in teaching law. Yet the business case book must be made up mainly of just such types of executive problems, if it is to give the student any adequate conception of his future or training for it.

Such cases when collected and arranged should be printed in case books or be otherwise made available to the student for his consideration and discussion prior to the classroom exercise at which they are used. If this is not done, much classroom time is wasted in prolonged statements of facts and the views expressed by the student are of off-hand opinions rather than of reasoned conclusions available in advance. The instructor cannot assume the existence of a common basis for discussion in the classroom and the interest and initiative of the student is not aroused to the maximum extent.

But notwithstanding the difficulties, one thing is encouraging. As more and more cases are developed the teaching of business gets very close to business itself. Practically all business not of a routine nature may be reduced to the making of decisions based on specific sets of facts. Often these decisions must be made from insufficient premises and under pressure. An educational method which compels the student to decide similar problems from day to day in and out of the classroom must certainly be better preparation for general executive work than any method based primarily on telling the student how to do business. The overwhelming complexity of modern business and social organization makes it almost certain that some new variable, some new combination of facts, will distinguish the new situation from the old. The business school should furnish a background of facts and general principles upon which the mind trained in the solution of executive problems by the educational processes of the school may react, and the training is of far greater importance than the background. The case system is peculiarly adapted to these ends.

Inevitably in a development of this nature many interesting questions of technique, method, and substance arise. These naturally group themselves around the gathering of this new type of material, its presentation in form for classroom use, and the actual use of the material for teaching.

In gathering material, the teacher may use two methods. Of course the customary plan by which the staff of any school gathers its own material will obviously be always available. The job of gathering cases is, however, large, and requires so much traveling from place to place that results will be obtained in this way much more slowly than when the search is organized with paid research assistants or field agents. Organized research, however, can be conducted only where funds are made available to support it, and such research is inevitably inefficient and expensive until a background of experience in methods has been developed and an organization trained. It is believed that such research will be most efficient when it can be centralized.

Various methods have been tried experimentally before research methods developed to a point where the cost is within reasonable bounds. The largest results are obtained from the least expenditure when the field agent goes to the business men with a fully developed outline of subjects which he wishes illustrated by cases, and where possible with specific suggestions from the instructor as to the type of problem which the particular business man may be in a position to furnish. He should be ready to provide the business man with illustrative cases to show the type of material needed. In such organized research, though the work must be done for the instructor, according to his general directions and under a classification of the subject adopted by him, the skill and technique developed by the research organization while working in other fields is of course available, and an interchange of valuable methods is brought about without sacrifice of individuality.

Presentation of Cases for Classroom Use

In presenting cases for classroom use a variety of methods and approaches is being worked out with no immediate effort at uniformity. A study of the several case books already published will illustrate the wide differences in approach adopted by different teachers and within the subject-matter of each case book the various types of material and methods of presentation included.⁴ Only prolonged experience in

⁴Among illustrations may be mentioned Copeland's *Marketing Problems*, Schaub and Isaacs' *The Law in Business Problems*, Lincoln's *Problems in Business Finance*, Dewing's pamphlet of *Problems* to accompany his *Financial Policy of Corporations*, Tosdal's *Problems in Sales Management*, and David's *Retail Store Management Problems*. While the material for these case books is both original in conception and novel in the technique, much of it was nevertheless before publication tried out in

actual teaching can tend to standardize types, and such experience may bring out the necessity for more kinds of problems rather than fewer. A few points, however, stand out. In the first place, much of interest is gained by including enough facts in a problem so that the case has the atmosphere and detail of reality. Moreover, in most fields of business, on account of the infinite complexity of detail, the student cannot in general afford time to study facts considered merely as facts. There are far too many of them. One advantage of the case system is that problems properly presented furnish an opportunity for the student to acquire a broad acquaintance with both technical and general information about diverse fields of industry, not by the study of dissociated facts but as an incident in the intellectual process of working out decisions. This easy and natural way of acquiring information is wholly consistent with the more important task of training the mind to analyze and reach decisions.

No cases are found ready-made. Although every question that involves decision by an executive is a case, nevertheless the business man has not crystallized these questions into the form of a case. The instructor or field agent must obtain facts which form the basis for and illustrate each point that it is desired to bring out. Then these facts, with the identity of the firm disguised, are worked into case form. The cases have been of three general types: (1) the determination of major policies, such as those that involve the business as a whole or its relations to other businesses, to the general public, or to the economic and social background of business; (2) the determination of internal policies, such as the policy to be followed in a single department; (3) the interpretation and application of policies to individual cases.

In numerous cases it is advisable to include both relevant and irrelevant material, in order that the student may obtain practice in selecting the facts that apply to the case in hand. Such training is essential. The case ordinarily should not require the student to collect new facts not included in the statement. The material or known facts in the main should be stated and the study of the case should involve the analysis and use of the facts. Moreover, the statement of facts must include much material which the business man assumes as a matter of course, for the student lacks this background. The importance of these points becomes increasingly evident. We are constantly made aware that greater emphasis must be placed on the presentation of facts in cases used for teaching business than in cases used in teaching law.

classroom in the form of mimeographed sheets before publication. The extent of this experimental work is perhaps best illustrated by the fact that 94,954 of such sheets were prepared for distribution by the Harvard Business School between November 1, 1920, and July 1, 1921.

The compiler of a law case book is interested mainly in teaching the law, and has in mind the legal method of thought, with its large measure of dependence on precedent and authority for the handling of new legal problems. Facts may be needed, but may be determined by *flat*. They are therefore often summarized in a brief statement or disposed of by the finding of a court or jury. In teaching business, practices and precedents have no weight of authority behind them, but every fact of business which can be brought in is an asset to the student, giving him a broader foundation for executive judgment. He must, moreover, come to realize the extreme difficulty of really determining facts and of giving them proper relative weight. A case adequately stated, in the discussion of which it is possible for the student to say: "But I can't make out what the facts are. Why did this party to the negotiation say what he did?"—such a case may be most effective in teaching the art of negotiation.

Certain types of business cases are much more difficult to put into shape for teaching than others. For example, factory management cases, with their infinitely varied industrial background and with the limitations imposed by the factory building and equipment, are difficult to present in such a way that the student may visualize the facts clearly. There is much less difficulty in stating a case in marketing or in banking, because it requires no stretch of the imagination for the student to obtain a clear conception of the case from a printed page. This is the ordinary medium for stating such facts. For these reasons the descriptive material for cases in factory management and industrial accounting must be much more elaborate and much more carefully prepared than similar material in other subjects. Such difficulties suggest the necessity of developing outlines and descriptions of industrial processes in book form in a wide variety of fields to accompany case books. In this direction, however, enough has been accomplished to demonstrate that the difference between marketing and factory management is one of degree only, and that cases in factory management may be stated effectively if effort enough can be put into the research behind the preparation and presentation of them.

Use of Cases for Teaching Business

In the use of business cases in teaching, certain differences appear as compared with the teaching of law. The business case generally differs from the law case in that it contains no statement of the actual decision reached by the business man. Moreover, the methods of approach by which decisions are reached are in most instances not included in any reasoned opinion similar to the opinion of the court,

and generally business cases admit of more than one solution. Enough careful analyses should be incorporated in the cases as stated to guide the student in method. In using such cases it is clearly undesirable to include comprehensive analyses in all or even in most instances, but recent classroom experience with business cases leads to the conclusion that an increasing use of analytical material is highly desirable. These differences caused some concern in the beginning, and in practice they clearly impose on the teacher of business a definite obligation to finish the classroom discussion of each case with a clean-cut summary of the reasons and analogies which appeal to him as most important for its solution. When this is done, the frequent complete absence of analytical guides in the cases has important advantages. Among these is the practical compulsion to independent thought by the student before the problem is taken up in class. Unquestionably both the technique of presenting cases for classroom purposes and classroom methods will develop through experience into something quite different from present practice. It is nevertheless clear that the case system as we now know it represents a substantial advance over our previous methods, and that it should be extended rapidly into nearly all business subjects. The accomplishment of this purpose requires the expenditure of considerable sums of money or, in the alternative, an otherwise unnecessary delay of years.

The case system of teaching law has been criticised on the ground that, as a result of the primary emphasis on analytical training and of the slower nature of the Socratic process as compared with the textbooks and the lecture, much less ground is covered; and that in fact the content of the law is unduly subordinated to this training of the mind. There is hardly room to doubt that the adoption of the case approach to teaching any subject will rapidly and inevitably change the emphasis from giving the student a content of facts to giving him control of the subject. This result in legal teaching, the exponents of the system consider one of the most desirable effects obtained. The criticism appears to have even less weight as applied to business teaching than to legal, for it is clearly impossible by any method of training to transmit to the student more than a comparatively small fraction of the facts of business. But certainly if a business school fails to give a training which fits the student for the handling of new business facts and new relationships, it fails to justify its existence. Moreover, it is at least questionable whether the informational content of business cases may not be developed to such an extent that the student in a natural and even incidental way gains a real comprehension of more business facts and practices than he could gain by any of the ordinary methods.

The Effect of the Case System on the Student of Business

Unquestionably, under the case system, unless a comprehensive group of general introductory lectures on the law as a whole and on its more important principles is placed at the beginning of the curriculum, the student passes through a period of uncertainty and confusion, and he may never secure a general perspective of the subject. There is danger that the forest may be lost in the trees. This criticism is not considered seriously by most exponents of the case system in teaching law, but as applied to teaching business, it is well taken, and in any adaptation of the case system to this field, it should be met effectively.

Two approaches appear possible. For one, an introductory course on the scope and principal divisions of business may be inserted early in the course of study. For the other, however, it appears probable from existing experiments that the problem may be more effectively met by an adaptation of the case system itself. One of the advantages of the plastic nature of the material of business cases is the ease with which such experiments may be tried out.

In our own experience even before the case system was started, it was evident that new students did not, until they had spent at least a year studying business, come to realize its nature as a correlated subject. On the contrary, the typical first-year man at the end of the year seemed to have studied his individual courses with little conception of their interrelation. Accounting was to him simply accounting, and finance only finance. He had no clear understanding of the usefulness of factory management training for the accountant. He wished in far too many cases to make himself into a narrow specialist.

This failure to see the interrelations of business was not noticeable to any considerable extent in the second-year group, largely through the effect of a course in Business Policy which has always been given on the case system. This course consists of a long series of problems presented by business men who are unaware of the arbitrary divisions of the subject-matter of business adopted for convenience in teaching and who therefore submit problems which customarily go across the subject-matter of various courses. Out of such problems the men rapidly gain a conception of the interdependence of business subjects.

By including in the first year an introductory course on the scope of business this situation might be changed. Such a course is not practicable with us because of the pressure of more important courses. Yet there is great need that men should from the beginning of their work build toward a coördinated structure of training rather than toward isolated units whose interrelationship is beyond their vision. In the effort to bring about this condition we give the first-year class imme-

diately after their arrival a very complicated business case which should for its solution depend upon the subject-matter of a large part of the courses given in the school. Of course such a problem is beyond the capacity of every man in the class. It nevertheless is presented for their consideration and after a careful study by them discussed by the instructor. This discussion serves as an object lesson in the preliminary analysis of a complicated business problem, and at the same time brings out the relation of the problem to the different courses. In this way the student at once realizes how the individual courses in the school work together as a preparation for the solution of a single executive problem while at the same time he acquires a more adequate conception of the general and interlocking nature of business problems.

Similarly it is probable that scope problems may be devised as introductions to specialized courses, so that the student, before he begins studying cases which are developed under a detailed classification of a subject, may see the subject as a whole in a general perspective. Moreover, in this way a problem of large and almost unwieldy scope may be presented in perspective before it is divided for detailed consideration into a group of cases under a classified outline. Promising beginnings have been made in this direction. If this perspective view of a whole curriculum or of a whole subject is practicable, the saving of time and the increase in interest over the approach to the same object through introductory lectures will be considerable.

So far as the students are concerned, our experiments with the case system have resulted in the development of an intensified interest in their work and far greater personal initiative in thinking out business problems.

The case system, therefore, is as clearly desirable in teaching business as in teaching law, and it is probable that in the long run the necessity of creating teaching material instead of taking it ready-made from reported decisions will find its compensations in the ultimate greater ease of adapting the material to educational ends.

There remains the problem of the teacher. Unquestionably the give and take of classroom discussion, with a class intensely alive to the subjects involved, places on the instructor a corresponding but exceedingly stimulating burden. It is also clear that the lack of authoritative discussion and conclusions like the opinions of the law courts burdens him with a definite obligation to summarize the cogent arguments which impress him as most important. Otherwise the discussion will lack definition and the student will fail to benefit to the utmost. Analytical manuals to accompany case books in business should be made available for teachers. These manuals will probably be most effective if they suggest topics for discussion under

the several cases rather than if they attempt to give direct and dogmatic solutions. Since business cases in particular will in most instances lend themselves to several types of approach, it is generally desirable to avoid any claim to *ex cathedra* conclusions. Teaching under the case system is in fact very like business conference, where the leader is endeavoring through discussion with his associates to arrive at a sound conclusion. It is this realistic element which is largely responsible for the interest both of the instructor and of the students. In our experience, the teaching difficulties are for most men less serious than the difficulties of effective lecturing.

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